

Standard Operating Procedures Governing the Disposition of Surplus Personal Property

Issued By: *Project Management &
Real Estate Services*

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I. Purpose

This purpose of this Standard Operating Procedure (SOP) is to outline the internal procedures of the New Jersey Schools Development Authority (SDA or Authority) for the implementation of its regulations governing the disposition of surplus personal property owned by the SDA, which are found at N.J.A.C. 19:35. The SOP outlines the responsibilities of SDA staff and the process for undertaking the disposition of personal property in order to facilitate its sale, lease or other disposition at its estimated market value, or its transfer or disposal at the least possible cost.

II. Definitions

“Department” means the New Jersey Department of Education.

“Estimated market value” means the value of the personal property established by its book value or other valuation methodology appropriate to the type of personal property being valued.

“Personal Property” includes furnishings, equipment, computers, temporary classroom units, automobiles, and any other tangible or intangible property owned by the SDA, with the exception of real property.

“School Facilities Project” means the planning, acquisition, demolition, construction, improvement, alteration, modernization, renovation, reconstruction or capital maintenance of all or any part of a school facility or of any other personal property necessary for, or ancillary to, any school facility, and shall include fixtures, furnishings and equipment and shall also include, but is not limited to, site acquisition, site development, the services of design professionals such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the project.

“Surplus Property” means personal property owned by the SDA that is not necessary on a temporary or permanent basis for the undertaking or management of a school facilities project and not used or useful in the business operations of the SDA.

“Surplus Temporary Classroom Unit” means a TCU owned by the SDA which has been deemed to be surplus property.

“Temporary Classroom Unit” or “TCU” is an educational unit comprised of one or more trailers joined together, which was approved by the Department of Education, Office of School Facilities, after July 18, 2000¹, as a temporary facility necessary to advance a school facilities project until the substantial completion of that school facilities project.

III Responsibilities for Disposition of TCUs

- A. The Managing Director of the Division of Real Estate Services, or his or her designee, is responsible for:
 - i. Maintaining a current database of all TCUs located in SDA-managed school districts and estimated dates when they are expected to become surplus TCUs;
 - ii. Developing in coordination with the Divisions of Project Management and Management and Planning procedures to ensure the security, maintenance, insured status and efficient disposition of TCUs;
 - iii. Developing, with the assistance of Project Management staff, recommendations for the orderly disposition of surplus TCUs and securing the Chief Financial Officer’s (CFO) approval of recommended dispositions.
 - iv. Developing, with the assistance of the Division of Law, and in consultation with the SDA’s Office of Chief Counsel, lease agreements between the SDA and third parties for the possession, use and occupancy of surplus TCUs and managing the final execution of such lease agreements.
- B. The Vice President of Project Management, or his or her designee(s), is responsible for:
 - i. Determining, in coordination with the Managing Director of Real Estate Services, or his or her designee, the expected duration of each TCU’s use, making timely recommendations for the disposition of surplus TCUs, and securing all necessary approvals from the Department for the disposition of a surplus TCU;

¹ Department Facilities Regulations, N.J.A.C. 6A:26-9, provide that “In order to advance a school facilities project,” a district may request the “initiation of predevelopment activities in connection with a school facilities project.” Such activities may include acquisition and design work for temporary facilities.
N.J.A.C. 6A:26-3.9(c)

- ii. Obtaining all permits and/or approvals from the State Departments of Community Affairs, Transportation, Department of Environmental Protection, as necessary;
 - iii. Ensuring, with respect to the removal or sale of a surplus TCU, that all necessary steps including, but not limited to, its decommissioning, site restoration, relocation, utility infrastructure and installation have been successfully undertaken.
- C. The CFO, or his or her designee, is responsible for:
 - i. Reviewing the recommendation and supporting documentation of the Managing Director of Real Estate Services, or his or her designee, regarding the manner of disposition of surplus TCUs and its financial impact;
 - ii. Resolving any outstanding financial issues, as necessary, regarding a recommended disposition;
 - iii. Issuing a final clearance letter, upon his or her approval of a recommended disposition of a surplus TCU, to the Managing Director of Real Estate Services, or his or her designee.
- D. The Chief Counsel, or his or her designee, is responsible for:
 - i. Reviewing the final agreements for the sale or lease of surplus TCUs, with the cooperation and assistance of the real estate services staff and the Division of Law;
 - ii. Developing regulations governing the public auction or private sale of TCUs and other personal property by the SDA, as necessary.
- E. The Vice President of Management and Planning, or his or her designee, is responsible for:
 - i. Managing and undertaking all necessary tasks, with the assistance of Project Management staff, associated with the public auction or private sale of surplus TCUs, as well as ensuring that all income derived from such sale is transmitted to the CFO.

IV Process for Disposition of Temporary Classroom Units

- A. The initial determination regarding the disposition of a surplus TCU shall be made by the Managing Director of the Division of Real Estate Services, or his or her designee, in consultation with appropriate Project

Management staff. Such initial determination shall be made in accordance with N.J.A.C. 19:35, and specifically, 19:35-2.2(c) 1-5.

- B. The Managing Director of the Division of Real Estate Services, or his or her designee, shall transmit a recommendation regarding the disposition of a surplus TCU to the CFO, or his or her designee, providing all pertinent facts about the surplus TCU and including all supporting documentation for the recommended method of its disposition.
- C. The CFO, or his or her designee, shall circulate a notice to staff of Project Management and Real Estate Services regarding the surplus TCU and its recommended method of disposition for review and comments within 5 business days. If issues, problems, or potential conflicts surface during the 5-day review period, the CFO, or his or her designee, shall conduct meetings of interested parties to resolve such matters prior to issuing a clearance letter to the Managing Director of Real Estate Services, or his or her designee, authorizing the disposition of the surplus TCU. If no problems or conflicts exist regarding the surplus TCU, a clearance letter will be issued by the CFO, or his or her designee, approving a disposition of the surplus TCU.
- D. Upon the issuance of a clearance letter by the CFO to the Managing Director of Real Estate Services, or his or her designee, and its communication to Project Management, Project Management shall initiate any procurement activities, e.g., dismantling, transport or public auction, that are necessary for the disposition of the surplus TCU.

V Responsibilities for Disposition of Personal Property (Other Than TCUs)

- A. The Vice President of Project Management, or his or her designee, will be responsible for:
 - i. Issuing a bulletin to project/construction management firms (PMF) directing that the PMF provide the SDA with an inventory of personal property acquired by or on behalf of the PMF, wherever located (PMF offices, construction site field office or storage facilities), which was paid for, or the costs of which have been reimbursed, by the SDA;

--The PMF inventory shall include a description of each item of personal property, the date it was acquired, its cost, the location/user of the property and any other information necessary to assist the SDA in determining the valuation and appropriate course of action to expedite the disposition of such property, in accordance with the SDA's regulations governing personal property dispositions and this SOP.

- ii. Determining if the personal property is surplus property;
 - iii. Notifying the CFO, or his or her designee, of the availability of surplus property, assisting the CFO in obtaining all necessary documentation concerning the said property and arranging for its temporary storage, if so advised by the CFO;
 - iv. Upon the approval by the CFO of the disposition of the subject property, notifying the Office of Program Management and Planning of the need for the disposition of the subject property.
- B. The CFO, or his or her designee, will be responsible for:
- i. Determining the market value of surplus property, based on its purchase price, useful life, applicable depreciation table, and any additional information that the CFO, or his or her designee, deems relevant to such a determination;
 - ii. Based upon the written recommendation and supporting documentation of the Vice President of Project Management regarding the disposition of surplus property, approving the subject property for such disposition.
- C. The Senior Director of Corporate Governance, or his or her designee, will be responsible for:
- i. With the assistance of SDA staff, conducting a field inspection of the items listed on the PMF inventories and reviewing the supporting documentation in the possession of or under the control of the PMF for accuracy and to support integrity in the property inventory and valuation process.
- D. The Vice President of Management and Planning, or his or her designee, will be responsible for:
- i. With the cooperation of Project Management staff, managing the competitive sale of surplus property with a current market value under \$29,000, and scheduling and managing the public auction of surplus property when its market value exceeds \$29,000 in accordance with N.J.A.C. 19:35-2.2(b) and 2.3;
 - ii. Arranging for and managing the private sale of surplus property when no bids have been received at public auction, or its disposition in the most economically feasible manner in accordance with N.J.A.C. 19:35-2.2(b)3.

VI Manner of Property Disposition (Other Than For TCUs)

- A. Whenever the Authority's Chief Executive Officer, or his or her designee, determines that disposition of surplus property would be advantageous to the schools program or the Authority, he or she may enter into a contract for its sale or other disposition in accordance with N.J.A.C. 19:35-1 et seq., and specifically, 19:35-2.2 (a) and (b).
- B. Prior to the sale or disposition of surplus computer equipment, the computer's hard drive must be degaussed. Operating systems or application software expressly authorized by the manufacturer for re-use or transfer must include the original media and documentation or license. The media, documentation or license should accompany the computer.

VII References:

- N.J.A.C. 19:35, Disposition of Real and Personal Property of the Schools Development Authority;
- Department of Treasury, Division of Purchase and Property, Circular Letter No. 00-16—*Excess/Surplus Property Procedures*;
- Department of Treasury, Division of Purchase and Property, Circular Letter, No: 00-17—*Disposition of Excess & Surplus Computer Equipment*.

VIII Review Date: September 12, 2008